



House of Representatives

General Assembly

File No. 632

January Session, 2015

Substitute House Bill No. 7019

House of Representatives, April 14, 2015

The Committee on Education reported through REP. FLEISCHMANN of the 18th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 10-262i of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2015*):

4 (d) (1) Except as otherwise provided under the provisions of
5 subdivisions (3), [and] (4) and (7) of this subsection, for the fiscal year
6 ending June 30, [2014] 2016, the budgeted appropriation for education
7 shall be not less than the budgeted appropriation for education for the
8 fiscal year ending June 30, [2013] 2015, plus any aid increase described
9 in subsection (e) of this section, except that a town may reduce its
10 budgeted appropriation for education for the fiscal year ending June
11 30, [2014] 2016, by one or more of the following: (A) Any district with a
12 resident student count for October 1, [2012] 2014, using the data of
13 record as of January 31, [2013] 2015, that is lower than such district's
14 resident student count for October 1, [2011] 2013, using the data of

15 record as of January 31, [2013] 2015, may reduce such district's
16 budgeted appropriation for education by the difference in number of
17 resident students for such years multiplied by [three thousand,
18 provided such reduction shall not exceed one-half of one per cent of
19 the district's budgeted appropriation for education for the fiscal year
20 ending June 30, 2013] fifty per cent of the net current expenditures per
21 resident student, as defined in subdivision (45) of section 10-262f, as
22 amended by this act, of such district, (B) any district [that] (i) that does
23 not maintain a high school and pays tuition to another school district
24 pursuant to section 10-33 for resident students to attend high school in
25 another district, and (ii) in which the number of resident students
26 attending high school for such district for October 1, [2012] 2014, using
27 the data of record as of January 31, [2013] 2015, is lower than such
28 district's number of resident students attending high school for
29 October 1, [2011] 2013, using the data of record as of January 31, [2013]
30 2015, may reduce such district's budgeted appropriation for education
31 by the difference in number of resident students attending high school
32 for such years multiplied by the tuition paid per student pursuant to
33 section 10-33, or (C) any district that realizes new and documentable
34 savings through increased [intradistrict] district efficiencies approved
35 by the Commissioner of Education or through regional collaboration
36 or cooperative arrangements pursuant to section 10-158a may reduce
37 such district's budgeted appropriation for education in an amount
38 equal to half of the savings experienced as a result of such
39 [intradistrict] district efficiencies, regional collaboration or cooperative
40 arrangement. [, provided such reduction shall not exceed one-half of
41 one per cent of the district's budgeted appropriation for education for
42 the fiscal year ending June 30, 2013.]

43 (2) Except as otherwise provided under the provisions of
44 subdivisions (3), [and] (5) and (7) of this subsection, for the fiscal year
45 ending June 30, [2015] 2017, the budgeted appropriation for education
46 shall be not less than the budgeted appropriation for education for the
47 fiscal year ending June 30, [2014] 2016, plus any aid increase received
48 pursuant to subsection (e) of this section, except that a town may
49 reduce its budgeted appropriation for education for the fiscal year

50 ending June 30, [2015] 2017, by one or more of the following: (A) Any
51 district with a resident student count for October 1, [2013] 2015, using
52 the data of record as of January 31, [2014] 2016, that is lower than such
53 district's resident student count for October 1, [2012] 2014, using the
54 data of record as of January 31, [2014] 2016, may reduce such district's
55 budgeted appropriation for education by the difference in number of
56 resident students for such years multiplied by [three thousand,
57 provided such reduction shall not exceed one-half of one per cent of
58 the district's budgeted appropriation for education for the fiscal year
59 ending June 30, 2014] fifty per cent of the net current expenditures per
60 resident student, as defined in subdivision (45) of section 10-262f, as
61 amended by this act, of such district, (B) any district [that] (i) that does
62 not maintain a high school and pays tuition to another school district
63 pursuant to section 10-33 for resident students to attend high school in
64 another district, and (ii) in which the number of resident students
65 attending high school for such district for October 1, [2013] 2015, using
66 the data of record as of January 31, [2014] 2016, is lower than such
67 district's number of resident students attending high school for
68 October 1, [2012] 2014, using the data of record as of January 31, [2014]
69 2016, may reduce such district's budgeted appropriation for education
70 by the difference in number of resident students attending high school
71 for such years multiplied by the tuition paid per student pursuant to
72 section 10-33, or (C) any district that realizes new and documentable
73 savings through increased [intradistrict] district efficiencies approved
74 by the Commissioner of Education or through regional collaboration
75 or cooperative arrangements pursuant to section 10-158a may reduce
76 such district's budgeted appropriation for education in an amount
77 equal to half of the savings experienced as a result of such
78 [intradistrict] district efficiencies, regional collaboration or cooperative
79 arrangement. [, provided such reduction shall not exceed one-half of
80 one per cent of the district's budgeted appropriation for education for
81 the fiscal year ending June 30, 2013.]

82 (3) The Commissioner of Education may permit a [district] town to
83 reduce its budgeted appropriation for education for the fiscal years
84 ending June 30, [2014] 2016, and June 30, [2015] 2017, inclusive, in an

85 amount determined by the commissioner if the school district in such
86 [district] town has permanently ceased operations and closed one or
87 more schools in the school district due to declining enrollment at such
88 closed school or schools in the fiscal year ending June 30, [2011] 2013,
89 June 30, [2012] 2014, or June 30, [2013] 2015.

90 (4) For the fiscal year ending June 30, [2014] 2016, the budgeted
91 appropriation for a town designated as an alliance district, as defined
92 in section 10-262u, shall be not less than the sum of (A) the budgeted
93 appropriation for the fiscal year ending June 30, [2013] 2015, and (B)
94 the amount necessary to meet the minimum local funding percentage,
95 as defined in subdivision (39) of section 10-262f, except that the
96 commissioner may permit a town designated as an alliance district to
97 reduce its budgeted appropriation for education if such town can
98 demonstrate that its local contribution for the fiscal year ending June
99 30, [2014] 2016, has increased when compared to the local contribution
100 used in determining its local funding percentage, as defined in
101 subdivision (38) of section 10-262f.

102 (5) For the fiscal year ending June 30, [2015] 2017, the budgeted
103 appropriation for a town designated as an alliance district, as defined
104 in section 10-262u, shall be not less than the sum of (A) the budgeted
105 appropriation for the fiscal year ending June 30, [2014] 2016, and (B)
106 the amount necessary to meet the minimum local funding percentage,
107 as defined in subdivision (39) of section 10-262f, except that the
108 commissioner may permit a town designated as an alliance district to
109 reduce its budgeted appropriation for education if such town can
110 demonstrate that its local contribution for the fiscal year ending June
111 30, [2015] 2017, has increased when compared to the local contribution
112 used in determining its local funding percentage, as defined in
113 subdivision (38) of section 10-262f.

114 (6) For the fiscal years ending June 30, 2016, and June 30, 2017, a
115 town that is permitted to reduce its budgeted appropriation for
116 education under this subsection may reduce its budgeted
117 appropriation for education in an amount not to exceed one and one-

118 half per cent of such budgeted appropriation for education, except that
 119 the Commissioner of Education may, following a review of a town's
 120 proposed reductions to its budgeted appropriation for education,
 121 permit a town to reduce its budgeted appropriation for education in an
 122 amount equal to the total amount of such proposed reductions,
 123 provided the board of education for such town approves, by vote at a
 124 meeting duly called, such proposed reductions.

125 (7) For the fiscal years ending June 30, 2016, and June 30, 2017, the
 126 provisions of this subsection shall not apply to any district that is in
 127 the top ten per cent of school districts based on the district
 128 performance index, as defined in section 10-262u.

129 Sec. 2. Section 10-262f of the general statutes is amended by adding
 130 subdivision (45) as follows (*Effective July 1, 2015*):

131 (NEW) (45) "Net current expenditures per resident student" means,
 132 in any school year, the net current expenditures, as defined in section
 133 10-261, for such school year divided by the number of resident
 134 students in the town for such school year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2015</i>	10-262i(d)
Sec. 2	<i>July 1, 2015</i>	10-262f

ED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 16 \$	FY 17 \$
All Municipalities	Potential Savings	See Below	See Below

Explanation

The bill results in a potential savings to municipalities in FY 16 and FY 17 by allowing for a reduction in education expenditures attributable to falling enrollments or documentable efficiencies.

The Out Years

There is no fiscal impact in the out years as the bill pertains to FY 16 and FY 17.

OLR Bill Analysis**sHB 7019*****AN ACT CONCERNING THE MINIMUM BUDGET REQUIREMENT.*****SUMMARY:**

This bill extends, for fiscal years 2016 and 2017, the minimum budget requirement (MBR) for school districts and provides towns a greater ability to lower their MBR. The MBR prohibits a town from budgeting less for education than it did in the previous year unless, and with limits, the town can demonstrate a (1) decrease in school enrollment or (2) savings through increased efficiencies.

The bill affords towns greater ability to lower their MBR by (1) increasing the per-student reduction allowed for decreased enrollment, (2) raising the overall cap on how much a town can reduce its MBR, and (3) removing the limit on how many ways a town can qualify for MBR flexibility. The bill also completely repeals the MBR for school districts that have district performance index (DPI) scores (see BACKGROUND) in the top 10% of all districts in the state. Thus, there are no restrictions on these districts' ability to reduce their education budget.

It also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2015

CHANGES TO MBR FEXIBILITY

Under current law towns can ask the State Department of Education (SDE) for MBR reduction under only one of the ways provided in law. This means a town cannot seek a reduction for a decrease in enrollment and another decrease for increased efficiencies. The bill removes the limit, thus towns can use one or more MBR reduction mechanisms.

Table 1 shows the highlights of the bill's changes.

Table 1: Provisions of MBR Under Current Law and the Bill

Provision	Current Law	Under the Bill
Dollar reduction per student	\$3,000	50% of the net current expenditure per student (NCEP)*
Maximum MBR reduction	0.5% of the MBR	1.5% of the MBR or more than 1.5% if education commissioner and the local board of education approve the entire amount of the reduction as determined under the bill's language
Districts in the top 10% of the state, based on DPI	Subject to MBR	Exempt from MBR
*For all school districts 50% of the NCEP per student is expected to be greater than \$3,000, the flat number under current law. The 2013-14 statewide average NCEP is \$15,729.		

By law and unchanged by the bill, a school closing receives a dollar-for-dollar MBR reduction with no cap. Also unchanged under the bill is the dollar-for-dollar reduction for school districts without high schools that pay tuition to other districts to educate students who are residents of the district with no high school. The MBR flexibility for these students when enrollment drops is a dollar-for-dollar reduction.

DEFINITION OF NET CURRENT EXPENDITURES PER STUDENT

The bill defines net current expenditures per resident student as, in any school year, the net current expenditures, as defined in state law, for such school year divided by the number of resident students in the town for such school year. Resident students are the number of students living in the town that the school district has responsibility to educate (thus is does not cover students who graduate early or drop out of high school).

BACKGROUND

District Performance Index

A school district's DPI is its students' weighted performance on the

statewide mastery tests in reading, writing, and mathematics given in grades three through eight and 10 or 11, and science in grades five, eight, and 10 or 11.

COMMITTEE ACTION

Education Committee

Joint Favorable Substitute

Yea 33 Nay 0 (03/25/2015)